

CITY MANAGER'S BUDGET MESSAGE

Mayor and City Council
City of Greensboro

May 15, 2012

Council Members:

As we look to the FY 12-13 year and beyond, we are encouraged by some signs of economic improvement in our region, but remain aware of the financial uncertainty still being faced by many local families and businesses.

With this proposed FY 2012-2013 operating budget, our organization remains focused on our key strategic goals while meeting the challenge of limited funding with innovative service delivery. The proposed budget includes a few key programs specifically designed to make progress toward our strategic goals, while also acknowledging our scarce resources by striving for greater efficiencies and targeted service reductions where appropriate. I believe this approach and this budget is our organization's most effective way to partner with our community at this critical juncture. With this budget, we will continue to provide those vital public services that contribute to the community's overall quality of life and continue our role as partner to our citizens and businesses that continue to work through economic hardship.

MAP (Management, Accountability, Performance), our organization-wide effort to link resources with critical goals, serves as our guide in helping to make tough decisions about resource allocation. Our leadership team continues to work in small Result Area groups, evaluating and prioritizing the various services and service levels we provide. This encourages discussion across departmental lines as managers consider different approaches to ensure that resources are best placed to move the organization toward its strategic goals.

Through the efforts of the various Result Areas the recommended budget has identified over \$2.2 million in service reductions or other savings. Additional revenues proposed, such as increased parking deck fees, add another \$900,000 to the overall budget balancing effort. The budget includes few enhancements, but they are important to our efforts to maintain and improve critical services, particularly in the areas of public safety (such as a new Fire Station) and in infrastructure maintenance (such as a new sewer line maintenance crew).

This process has produced a proposed budget that acknowledges the community's ongoing financial challenges and remains resolute in our pursuit of

our City goals of creating an environment that encourages economic development, maintains our infrastructure, promotes public safety, delivers exceptional customer service, and ensures fiscal stewardship and accountability.

Strategic Goals

"Create an environment that promotes economic development opportunities and job creation."

The City of Greensboro's approach to economic development is strategically focused on advancing these key principles: promoting job creation, facilitating private business and expansion, utilizing bond resources to develop shovel-ready sites, and making it easier to do business in and with the City.

The Development Services Center within City Hall will enter its second full year of operation during FY 12-13. The Center serves as the City's one-stop access for all aspects of building plan review, inspections and permitting. The Development Services Center speaks to the City's commitment to being pro-growth and developer-friendly. The Office of Economic Development and Business Support was also established in the FY 11-12 budget. We have initiated steps to hire a deputy in this office, which was funded during the FY 11-12 budget year. The incumbent will take the reins to set the work plan for this office, ensuring that resources are marshaled most effectively to support economic development and business in the city.

The City continues to identify ways to support major centers of economic activity currently in the community. City staff continues to work with private developers and evaluate opportunities to create public-private partnerships to bring larger shovel-ready sites to market. The City closed on a \$1.27 million loan to the Nussbaum Center for Entrepreneurship that enabled them to leverage New Market Tax Credits and other funding totaling an additional \$3.45 million. Their renovated location in Greensboro's Urban Progress Zone on South Elm-Eugene Street is set to open in June.

The High Point Road/West Lee Street Gateway Corridor remains an area of key emphasis within the City's overall economic development strategic goals. The City has commissioned an updated analysis of the Gateway Corridor to develop a coordinated vision of the corridor from Interstate 40 to Interstate 85. The Coliseum Complex continues to serve as a tremendous resource for visitor



attraction to this area. In particular, the Greensboro Aquatic Center (GAC) has brought a tremendous number of visitors and attention to the area. Since the facility's opening in August 2011 through March 2012, the GAC has hosted 190 events, with participants and spectators numbering over 150,000.

Meanwhile, the Redevelopment Commission has selected a lead developer for the South Elm Brownfield project and is moving ahead with analysis of the market and the potential development opportunities for the site.

The FY 12-13 Recommended Budget includes continued support for various economic development partners such as Downtown Greensboro Inc, the Greensboro Partnership and East Market Street Development Corporation. The recommended budget also includes a new \$75,000 contribution to Triad Stage, planned for three consecutive years, and a \$70,000 contribution to the Greensboro Economic Development Alliance to support additional business recruiting activities.

At a special economic development briefing on May 17, staff will present specific economic development program ideas and financing options to City Council to identify specific key initiatives Council wants to pursue to advance growth and development in the City. The outcome will be incorporated into the FY 12-13 budget.

"Promote public safety and reduce crime"

As an organization, we continually seek ways to make our public safety units stronger through the efficient use of resources and collaborative efforts between and among City departments and community partners.

The proposed budget includes the second of three set-asides, \$450,000 annually, to support the City's ultimate assumption of full cost responsibility for 30 police patrol positions that are currently funded through federal grant funds. The final reimbursement grant for these positions will be received in the fall 2013. The positions will be mostly funded through local funds in FY 13-14 and completely funded locally in future years.

Funding for the renovation of the Greensboro IRS building was included in the FY 11-12 budget and continues in the FY 12-13 Recommended Budget and the FY 13-14 Projected Budget. The phased opening will occupy the basement and the first three floors over the next two years. The facility will serve as departmental headquarters and house staff from Resource Management, Research/

Planning, Crime Analysis, Telephone Response, Watch Operations and Records. The Central Patrol Division, currently reporting from the J. Edward Kitchen Operations Center, will also relocate to the downtown location.

The Reedy Fork Fire Station will open in early FY 13-14, with hiring for the station planned for the spring, FY 12-13. Fifteen positions are budgeted in total for the station, which will serve the already developed Reedy Fork area and provide coverage for future residential and commercial development in the area.

Libraries, Parks and Recreation and Police are collaborating to develop programming options in an effort to positively impact the juvenile crime rate. The departments are studying incidence of juvenile crime and determining what programming is available, with the goal of targeting programming during these periods and attracting more at-risk youth to participate.

"Maintain infrastructure and provide sustainable growth opportunities."

The City continues its strategy of manageable borrowing for needed capital improvements, placing minimal stress on the tax rate, while making progress on capital infrastructure vital to the community's continued growth and economic vitality. In February, 2012, the City advanced \$40 million in general obligation bonds, moving forward projects approved by Greensboro voters in 2006, 2008 and 2009 referenda.

These funds will support needed infrastructure upgrades such as improvements to streets including Fleming Road, High Point Road (streetscape improvements), Cone/Nealtown Road, Horsepen Creek Road, Florida Street and Alamance Church Road. Funds are also provided for construction of the Reedy Fork Fire Station, and for cultural and recreation infrastructure such as the Northeast Branch Library, the Hilltop Road Park, and further expansion of the Natural Science Center.

The City seeks alternative funding sources to leverage local dollars wherever possible. Funds were received from the federal government via the NC Department of Transportation to fund various sidewalk improvements throughout the City. The Transportation Department leveraged bond funds to secure over \$18 million in sidewalk projects to be completed over the next few years.

The proposed FY 2013-2022 Capital Improvements Plan (CIP), which will be provided to City Council at the May 22 budget work session, totals \$900

million of identified projects, and outlines a future financing plan to maintain our current infrastructure and develop new facilities, where needed, to help achieve our strategic service priorities. City Council began work on the CIP at its session in April, focusing on the authorized but unissued bond proceeds from referenda passed in 2006 and 2008. There remains approximately \$150 million in authorized but unissued bonds. These available proceeds include funds for additional fire stations, street improvements and parks and trails improvements. Staff will continue to work with council and the community to plan the sale and repayment of these bonds in a gradual format to keep tax rate impacts at a minimum, while delivering the new and improved facilities and services approved by our voters.

A significant portion of our long-term capital planning and financing efforts is devoted to our water and sewer infrastructure. To ensure long-term health and economic stability for our City and region, the City continues to plan and implement a variety of water system improvements and maintenance efforts using both debt financing and pay as you go (cash) capital financing.

A major milestone in our pay-as-you-go capital financing came with termination of the City-County Water and Sewer Trust Fund agreement. The City worked closely with the County over recent months to secure over \$18 million in funding for improvements to the eastern sewer project as part of the termination.

The proposed CIP includes \$481 million in planned water and sewer utility improvements, including such major projects as Osborne Biological Nutrient Removal (\$93 million), system wide Sanitary Sewer Line Rehabilitation (\$51.2 million over the next ten years) and the Airport Area Sewer Lift Station upgrade (\$2.2 million). The recommended budget includes a proposed user rate increase of 3% for customers within the City of Greensboro and 7.5% for customers outside the city limits. This rate increase will ensure the continued financial security of this vital utility resource while keeping our customer rates very competitive when compared to peer cities throughout the state.

"Achieve exceptional customer service, a diverse workforce and ensure fiscal stewardship, transparency and accountability."

During FY 11-12, staff completed the Total Compensation Study. This exhaustive effort was designed to evaluate the City's compensation levels and strategies, identify areas where we differ greatly from our recruitment market and offer suggestions and alternatives to keep the City

competitive for top talent while maintaining a salary structure that provides good value to our customers.

This recommended budget includes several recommendations from the study dealing with both salary structures and levels. In particular, the public safety structure will move to a step plan, which ensures our public safety positions remain in line with our peers. In addition, the recommended budget includes an average 1.5% merit increase for all employees and the addition of Veteran's Day as a recognized City holiday. All of these recommendations are included in the recommended budget within the total compensation budget originally developed for the FY 12-13 budget.

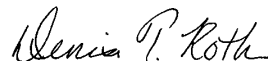
As referenced earlier, the recommended budget includes approximately \$2.2 million in budget reductions, equal to almost one penny on the tax rate. These reductions illustrate our commitment to lowering costs whenever possible and ensuring that our resources are dedicated to our highest priority needs and services.

Property Tax Rate

The FY 12-13 Recommended Budget is balanced with a proposed tax rate of 63.25 cents per \$100 property valuation, the same as the current tax rate.

I very much appreciate the continued dedication our employees show to the cause of public service. We are prepared to assist City Council in the adoption of this service plan for our city.

Respectfully submitted,



Denise T. Roth, Interim City Manager

